

Message Text

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ACTION PM-03

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E.O. 11652: GDS

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SUBJECT: THIRD COUNTRY ASSISTANCE TO FY 1976 PROSPECTIVE MAP

RECIPIENTS

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1. FOLLOWING IN RESPONSE REFTEL IS SUMMARY ANALYSIS OF ROK
THIRD COUNTRY PURCHASES AND THEIR RELATIONSHIP TO US
MILITARY GRANT ASSISTANCE OBJECTIVES.

2. PRIOR TO 1974 ONLY TWO KNOWN ROK/THIRD COUNTRY
TRANSACTIONS RESULTING IN ARMS SUPPLIES TRANSPRIRED:

A. SEVENTY-THREE MR 1206 RADARS WERE PURCHASED ON
COMMERCIAL BASIS FROM JAPAN DURING 1970-72 FOR USE IN
ROK COASTAL BLOCKADE PLAN. THIS TYPE RADAR WHICH
WAS CONSIDERED NECESSARY BY US AUTHORITIES WAS NOT
AVAILABLE FROM US AND WAS IN FACT MANUFACTURED FOR
US AS THE SPERRY MK-12. INSTALLATION OF THESE

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RADARS FOLLOWED A 1970 US SPONSORED PROJECT
(ARPA-TRW) WHICH HAD ORIGINALLY INSTALLED RAYTHEON 1645
AND 1660 RADARS. THE CHARACTERISTICS OF THE RADARS
WERE SIMILAR.

B. A SMALL OILER (AO-7) WAS PURCHASED FROM JAPAN IN 1972. THIS TRANSACTION WAS THE RESULT OF A NEEDED FOURTH CRAFT OF THIS TYPE WHICH WAS NOT AVAILABLE FROM US SOURCES. THE DRAFT WAS BUILT IN 1969 AND PROVIDED A SIGNIFICANT UPGRADE IN THE ROKN CAPABILITY. THE US JOINT STRATEGIC OBJECTIVES PLAN (JSOP) FOR 1972 REFLECTED A REQUIREMENT FOR FOUR OF THIS TYPE CRAFT.

3. THE SHARP DECLINE IN US GRANT ASSISTANCE SINCE 1974 HAS CAUSED THE ROKG TO BEGIN EVALUATION OF SOME OF THEIR DEFENSE REQUIREMENTS ON THE BASIS OF "BEST BUY" CONSIDERATIONS RATHER THAN ARBITRARILY RESTRICTING THEIR CHOICE OF ARMS TO US INVENTORY ITEMS. THIS HAS RESULTED IN A FEW DECISIONS TO PURCHASE ARMS FROM THIRD COUNTRY SOURCES. IN ADDITION, THE RECENT SERIOUS DECLINE IN ROK FOREIGN EXCHANGE ASSETS HAS NATURALLY LED TO INCREASED ATTRACTIVENESS OF THIRD COUNTRY SALES PROPOSALS WHICH INCLUDE OFFERS OF CREDIT FINANCING. THOSE THIRD COUNTRY ITEMS WHICH HAVE BEEN PURCHASED SINCE 1974 AND THE ROK JUSTIFICATION FOR THEIR PURCHASE FOLLOW:

A. OERLIKON 35MM ANTI-AIRCRAFT GUNS: ROKG NOTIFIED JUSMAG-K IN MAY 74 THAT THEY WERE CONTEMPLATING PURCHASING SIX SECTIONS OF OERLIKON TWIN 35MM GUNS FROM SWISS. PURPOSE WAS TO ENABLE TECHNICAL AND OPERATIONAL EVALUATION OF WEAPONS WHICH COULD DEFEND THE AIR SPACE BETWEEN ALTITUDE COVERED BY VULCAN AND HAWK. CHAPARRAL, WHICH HAD BEEN INCLUDED IN KFRS, WAS REJECTED BY ROK DUE TO COST AND TERRAIN THERE WEAPON WILL BE EMPLOYED AND USFK AGREED OERLIKON WAS BETTER WEAPON FOR JOB. WASHINGTON AGENCIES APPROVED PURCHASE OF SIX SECTIONS IN AUG 74, AND THE FIRST SECTION IS TO BE DELIVERED IN MID-75 WITH FINAL DELIVERY IN EARLY 78.

B. EXOCET ANTI-SHIP SURFACE-TO-SURFACE MISSILE SYSTEM:
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ROKG HAS NEGOTIATED WITH FRANCE FOR PURCHASE OF TWO EXOCET MISSILE SYSTEMS FOR INSTALLATION ON EXISTING ROK CONSTRUCTED PATROL CRAFT. US INABILITY TO PROVIDE HARPOON MISSILE DURING 1975 AND FIRST QUARTER 1976 IS THE REASON GIVEN BY ROK FOR THIRD COUNTRY PURCHASE. ROKG HAS PREVIOUSLY STATED THAT EXOCET WOULD NOT BE PURCHASED IF HARPOON COULD BE OBTAINED DURING DESIRED

TIME FRAME. EXOCET COMPLIES WITH A RECOGNIZED NEED FOR SURFACE-TO-SURFACE MISSILE; HOWEVER, WE OPPOSED ITS ACQUISITION DUE TO HIGHER COST AND INFERIOR CAPABILITIES IN COMPARISON TO HARPOON, AND EMBASSY/JUSMAG ON MANY OCCASIONS INFORMED ROKG OF OUR VIEWS.

C. OTO MELARA 76MM NAVAL GUN: ROKG CONTRACTED WITH ITALY IN JAN 75 FOR PURCHASE OF FIVE GUNS FOR INSTALLATION ON NEW PSMMS. ACQUISITION OF THESE GUNS HAS RECEIVED CONCURRENCE OF COUNTRY TEAM DUE TO NON-AVAILABILITY OF ANY COMPATIBLE US PRODUCT AND FULFILLMENT OF A VALID DEFENSE REQUIREMENT. (THE US NAVY HAS ALSO SELECTED THIS GUN FOR INSTALLATION IN THEIR NEW CALSS PATROL FRIGATE.) ROKS PLAN TO PURCHASE THE INITIAL FIVE GUNS AND PRODUCE THE REST. THESE GUNS WILL NOT BE AVAILABLE IN TIME FOR INSTALLATION IN THE PSMMS. WE BELIEVE THIS TO BE AN EXCELLENT EXAMPLE OF CASES THAT MAY FREQUENTLY ARISE IN THE FUTURE; WHERE BOTH WE AND ROK AGREE THAT THE ONLY WAY TO SATISFY VALID DEFENSE REQUIREMENTS IS VIA THIRD COUNTRY SOURCE.

D. SUBMARINES: NEGOTIATIONS WERE CONDUCTED WITH UK FOR PURCHASE OF TWO SMALL (500) SUBMARINES. WE HAVE NO EQUIVALENT, BUT DUE TO THE HIGH INITIAL INVESTMENT COST AND HIGHER PRIORITY OR OTHER MODERNIZATION REQUIREMENTS, WE HAVE CONSISTENTLY RECOMMENDED TO ROKG THAT THIS TPURCHASE NOT BE MADE. THEY HAVE CANCELLED PURCHASE OF THESE SUBMARINES DUE TO COST (\$56M EACH) AND LIMITED FX FUNDS, BUT ARE CONSIDERING POSSIBILITY OF AN EVEN SMALLER SUBMARINE (70-100T) IF AVAILABLE FOR REASONABLE PRICE

E. MERCEDES-BENZ DIESEL ENGINES: FORTY ENGINES WERE
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PURCHASED IN LATE 1974 FOR INSTALLATION IN TWENTY LOCALLY CONSTRUCTED PATROL GBOATS (PBK). EQUIVALENT US ENGINES ARE NOT MANUFACTURED, AND NO OTHER US ENGINE COULD BE DELIVERED BY THE REQUIRED DATE FOR INSTALLATION. CONSTRUCTION OF THESE CRAFT IS IN CONSONANCE WITH US RECOGNIZED MODERNIZATION REQUIREMENTS.

4. IT IS NOTABLE THAT ROK POLICY TO LOOK HARDER AT THIRD COUNTRY PURCHASER POSSIBILITIES DEVELOPED IN WAKE OF US GRANT AID DECLINE, NOT PRIOR TO DECLINE: THERE HAS BEEN NO OVERT OR IMPLIED PRESSURE FOR ADDITIONAL US GRANT MILITARY ASSISTANCE AS A RESULT OF ROK POSSIBLE THIRD COUNTRY PURCHASES. RATHER, THEY HAVE TURNED TO THIRD COUNTRY ONLY WHEN THE DESIRED DEFENSE ARTICLES ARE NOT IMMEDIATELY AVAILABLE FROMUS SLURCES. THE EXISTENCE OF THIRD COUNTRY PURCHASE ALTERNATIVES HAS BEEN USED HOWEVER, AS A LEVER IN REQUESTING ACCELERATED DELIVERY OF US ARMS (I.E., EXOCET).

5. TO THE BEST OF OUR KNOWLEDGE, ROKG HAS NOT RECIEVED THIRD COUNTRY GRANT MILITARY ASSISTANCE IN THE PAST NOR IS IT ANTICIPATED IN THE FUTURE, AS INDICATED IN

CURRENT FY 77-81 POM DATA (TABLES 2, 3). ALL TRANSACTIONS
HAVE BEEN AS NEGOTIATED PURCHASES FROM COMMERCIAL AND
THIRD COUNTRY GOVERNMENT AGENCIES.

6. WHILE FRENCH CLEARLY PUSHED EXOCET SALES EFFORT
HARD AND MADE DEAL AS ATTRACTIVE AS POSSIBLE WE KNOW
OF NO PRACTICES BY FRENCH OR OTHERS WHICH COULD BE
TERMED NECESSARILY INIMICAL TO REALIZATION OF UNITED STATES
OBJECTIVES IN EXTENDING GRANT MILITARY ASSISTANCE TO
KOREA.
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